London Life Insurance Company
Annual Report 1967

~~Mr Balfour~~
f file

THE COVER:
John Ferracuti of Toronto owns life insurance for personal and special reasons. His London Life policies provide his family (shown on the cover) with financial protection. And, at the same time, his policies are building savings for the future.

In 1967, his son Johnny (left) became a policyowner, too. Mr. Ferracuti purchased this policy because he wants his son to have a valuable asset in 16 years or so.

Other policyowners are shown throughout the 1967 report, and their comments are taken from tape-recorded interviews.

These are some of the 1½ million Canadians who are insured with London Life.

London Life Insurance Company   Annual Report 1967

93rd year of service to Canadians

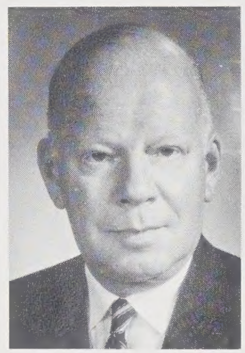
contents

directors

Joseph Jeffery,
O.B.E., Q.C.
Chairman of the Board

Robert H. Reid
President and
Managing Director

Alexander H. Jeffery,
Q.C.
First Vice-President



Albert W. Anderson
Executive Vice-President

John B. Cronyn

W. Bradley Granger

directors' report

It is a pleasure to report that 1967 was a year of noteworthy progress for London Life.

New life insurance issued was especially gratifying because this is undoubtedly the best measure we have of the public's acceptance and confidence in our services. For the second time in the 93-year history of the Company, the new life insurance figure exceeded $1 billion and the 1967 total is another record. There was a marked increase of 14% over 1966 in the gain in insurance in force, bringing the total to more than $9.4 billion.

The increase in guaranteed financial benefits to policy-owners was accompanied by a further strengthening of reserve accounts. Details of the Company's strong financial position are, of course, recorded in this report.

It is of interest to note that the Company's mortgage investments passed the $1 billion mark at the end of 1967. Virtually all of these mortgages are on residential properties, and all are in Canada.

Major-General A. C. Spencer retired from the Board last summer for reasons of health. His resignation was accepted with regret by the Directors. Major-General Spencer made many valuable contributions toward Company objectives and the Board expressed their deep appreciation to him for his loyal and effective service to the organization.

Mr. Albert W. Anderson, Executive Vice-President of London Life, was appointed to the Board as a Shareholders' Director in December.

The Directors express their sincere thanks to staff members in all areas of the Company. The past year was an active and a productive one for London Life, and the performance of London Life people during 1967 indicates that the Company's growth and standards of service will be both maintained and enhanced in the future.

Joseph Jeffery
Chairman of the Board

R. H. Reid
President and Managing Director


Charles H. Ivey


Allen T. Lambert


J. Allyn Taylor

Solicitors
Jeffery & Jeffery

Auditors
Clarkson, Gordon & Co.

excerpts from the annual meeting addresses

Thursday, January 25, 1968

ROBERT H. REID

President and Managing Director

"People with an interest in the capital stock of the Company will recall that shareholder participation in the divisible profits of the participating branch was reduced to 2½% in 1966. This latter figure met requirements of the Federal Insurance Act as of the date when total participating funds reached $1 billion. This amount was passed in 1967, so the necessary profit division was anticipated by one year. In consequence, shareholders received the full benefit of natural growth of dividends to participating policyowners in 1967 for the first time in many years.

"Per share earnings rose to an even dollar from 93¢, as compared to much smaller increases in the past. A dividend of 94¢ per share was declared for 1968 by the Directors, an increase from 88¢ paid in 1967.

"Perhaps it is inevitable that some form of additional taxation of life insurance companies will be proposed as a result of the Carter Commission recommendations. It is still quite uncertain as to how severe it may be. What bothers me is that the public would probably generally approve, because most people think of life insurance companies as wealthy corporations. They fail to realize that any increase in taxation will be paid, in fact, almost entirely by the estimated 11 million policyowners in Canada. This should be self-evident in the case of mutual companies, and will be virtually the case in stock companies as well."

CAPTAIN JOSEPH JEFFERY

Chairman of the Board

"The large borrowing requirements of governments during 1967, superimposed on the continuing heavy demand for long-term capital in the private sector, threatened to exceed the supply of available funds. As a result, long-term interest rates increased quite sharply from their lows in April, 1967, to levels which exceeded the interest rate peaks of 1966. In September, the federal government announced an increase to 8¼% in the maximum interest rate that could be charged on insured mortgage loans under the National Housing Act. London Life followed the conservative practice of charging only 7¾% on NHA loans during the last quarter of 1967.

"The Bank of Canada increased the money supply in 1967 by some 12% in contrast to a 6.7% increase in 1966. At the end of the year, the maximum NHA rate was increased again to 8⅜%. We are now approving NHA loans at 8¼%.

"I would not expect the Canadian economy to grow much faster in 1968 than it did in 1967. In fact, we will be fortunate if we equal the growth of 1967. Our balance of payment deficit may increase to about $1¼ billion in 1968, and as a result we will continue to be dependent on United States capital markets. If Canadian governments at all levels will exercise the necessary restraints on governmental expenditures we may be able to contain our inflationary pressures within more acceptable limits."

Gain in insurance in force increased 14% over 1966

1967 issue of personal life insurance established a record

New health insurance premiums up $1 million from 1966 figure

Announcement in 1967 that dividend scale on participating policies will increase in 1968

Net interest rate exceeded 6% for first time since 1931

Comparative results	**1967**	1966
New life insurance*	**$1,052,522,621**	$ 994,592,919
Life insurance in force*	**9,443,270,663**	8,696,737,731
Personal life insurance issued	**894,834,328**	848,988,051
Annual health insurance premium in force	**29,835,976**	28,271,466
First mortgages and sale agreements	**1,000,329,481**	925,492,054
Bonds and debentures	**264,602,924**	255,687,704
Unassigned surplus and investment reserve fund	**110,290,557**	100,502,530
Total assets	**1,388,904,896**	1,295,085,832
Net interest rate	**6.01%**	5.93%

*After deducting amount reinsured

new life insurance total highest in history

Personal and group life insurance issued by the Company in 1967 amounted to $1,052,522,621. New insurance exceeded $1 billion for the first time in 1965, then came close to that figure in 1966, and the 1967 total is the highest in the history of the Company.

Purchases of personal insurance during 1967 of $894.8 million represented about 85% of the volume, and 113,425 policies were issued.

The gain in life insurance in force for 1967 of $746.5 million brought the total to $9.4 billion, approximately 10% of all life insurance in force in Canada.

There are two basic methods of paying premiums. One is a collection service by a London Life representative at the policyowner's residence. The other method is payment to one of London Life's offices.

Under the second method, 58.4% of the policies issued during 1967 are on the Automatic Bank Cheque plan—commonly referred to as ABC. The ABC plan is an authorization from the policyowner to London Life for the monthly withdrawal of premiums from his bank account. Annual premium payments ranked second in popularity with the public, where payment is made to an office.

Close to 60% of the insurance issued during the year was in amounts of $10,000 and over.

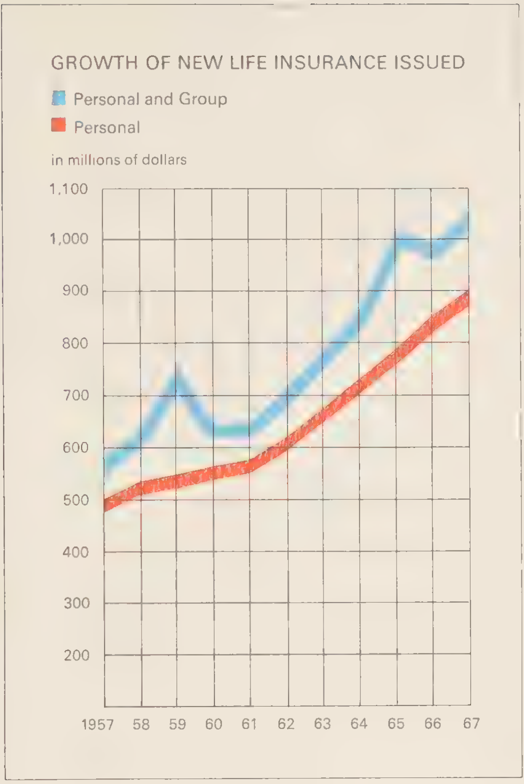
About 84% of the amount of life insurance issued during 1967 was on the lives of males. London Life found that its best market was men between the ages of 20 and 29.

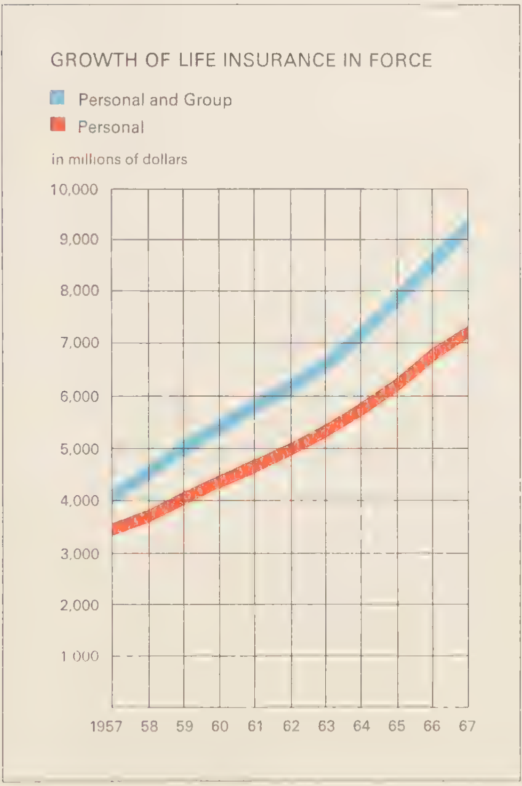
There was a slight increase in the number of policies issued to females, and the increase is undoubtedly accounted for by the growing number of women who are employed in either full or part-time jobs.

A substantial proportion of life insurance was purchased for infants and children up to age nine. More than 31,000 policies were issued in this age group in 1967. Parents who have looked after their own insurance requirements are encouraged to purchase policies for their children. The premium rates for lifetime protection are low, and a policy can build up a sizeable equity by the time a youngster becomes a young adult.

London Life introduced the Opportunity Life plan in June 1967. It is available for children up to 15 years of age. Premiums are paid to age 25, and the policy is completely paid for at this age. The term "opportunity" was chosen because of the option to withdraw funds in either the late teens or early 20's while continuing a program of guaranteed financial security.

Group life insurance sales were up $12 million over 1966. The 1967 issue figure was $157.6 million. The gain in group life insurance was substantially above the issue figure due to growth in existing group cases, and the total amount in force went over the $2 billion mark during 1967.


GROWTH OF NEW LIFE INSURANCE ISSUED
Personal and Group
Personal
in millions of dollars
1,100
1,000
900
800
700
600
500
400
300
200
1957
58
59
60
61
62
63
64
65
66
67


GROWTH OF LIFE INSURANCE IN FORCE
Personal and Group
Personal
in millions of dollars
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
1957
58
59
60
61
62
63
64
65
66
67

The name, face and voice of this man are familiar to Montrealers. Roger Gosselin appears frequently on CFTM-TV, and many people in the community watch his early evening newscast.

"My London Life representative made a complete study of my situation. He planned an insurance program that fits my ambitions and my responsibilities. I consider insurance a method of forced savings, and it's an excellent investment."

In addition to his own insurance, Mr. Gosselin recently purchased a $10,000 policy for his son François that will be completely paid for by the time François is 21.


CFTM-TV

new rate basis for group annuities

In October of 1967, London Life introduced a new and more flexible basis for calculating premium rates on group annuities. Now, rates are calculated on an electronic computer for each age using specific interest assumptions. Also, the expense structure was revised, and projected mortality assumptions were changed. These revisions resulted in lower premium rates.

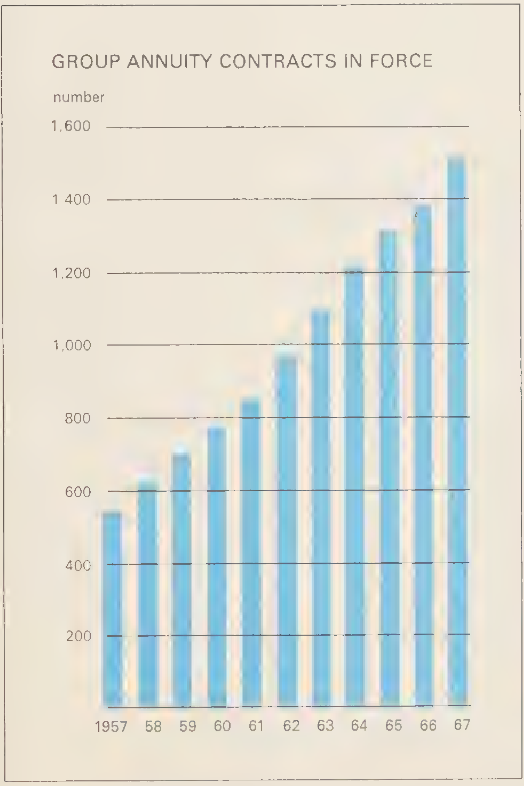
Computer programs for pension costs and estimates, withdrawal values, and special calculations save both time and money.

To maintain financial stability in the group annuity field, it is essential to give careful and consistent consideration to interest rates and longevity factors. The Company's current premium rates are considered to be realistic in terms of ultimate pension payments.

There were 1,537 group pension plans in force at the end of 1967; 155 new contracts were issued during the year.

Annual payments at retirement under these plans amounted to $47.5 million. Annuity reserve funds totalled $127.5 million at the year end.

A number of contracts were cancelled in 1966, following the introduction of the Canada and Quebec Pension Plans. The government plans did not have such a serious effect on existing business in 1967. A retirement income, over and above the government pensions, is practically a necessity for most people, so a continued growth of group annuities is expected.


GROUP ANNUITY CONTRACTS IN FORCE
number
1,600
1 400
1,200
1,000
800
600
400
200
1957
58
59
60
61
62
63
64
65
66
67

David F. Corney became general manager of Acadia Fisheries Limited in Mulgrave, Nova Scotia, after having spent 10 years building up the fishing industry in central Canada. He has six London Life policies.

"When I think of security, the first thing I think of is those policies. They've got cash value, they're excellent collateral, and they're going to provide a retirement income for me.

"Also, I like to do business with a Canadian company if I can. I know a lot of people don't pay much attention to this, but I do. I think Canada is the greatest country in the world, so I invest my money right here."

health insurance payments reach $24.3 million

Payments to employees insured under group health insurance plans totalled $24.3 million in 1967. More than 1.2 million cheques were issued to cover medical and disability claims, and the Company endeavors to mail cheques within 48 hours after complete information relating to claims is received.

New annual health insurance premiums exceeded $3 million, and 657 new group cases were issued. The employees of 3,513 organizations are insured under London Life health insurance plans. Total premiums received in 1967 were slightly over $31 million.

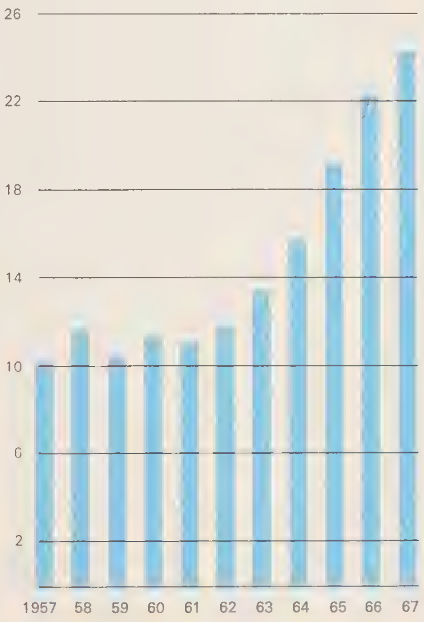
London Life provides 15 types of benefits to employees and their dependents.

There was a loss of $122,101 in this branch for the year, resulting in a reduction in the overall surplus, built up over a 40-year period, to approximately $1.6 million. While London Life is obviously not motivated by profits to continue and to expand its activities in health insurance, the Company has no intention of retiring from this field.

Future developments will obviously depend on how far the federal and provincial governments go with benefits under medicare programs. But unquestionably a number of employers and employees will want benefits not included in a government plan.

Medicare is still a contentious issue between Ottawa and some of the provinces because of the high costs that have been forecast. And the forecasted costs may well be too low.

There should be no doubt in anyone's mind that medicare would impose a serious financial strain on Canada's economy at this point in time. The federal government could perform an essential service if it would focus on the relatively small segment of the population who do not now have health insurance protection, with particular emphasis on the disabled, the elderly and the low income group.



HEALTH INSURANCE CLAIMS PAID

in millions of dollars

John De Witt, his wife, and son visit the pasture behind their new house in Dorchester, New Brunswick.
Mr. De Witt breeds and raises cattle as a hobby, and works for the district sales division of General Motors in Moncton.

"I had group insurance, but when I married and started to build a home I felt I needed life insurance of my own.

"I knew London Life was a well-established company, so when a representative called, I invited him down. I'd checked up on other life insurance proposals and I thought the London Life Jubilee policy he recommended was a good one for family protection—and a good way to save."

mortality rate slightly higher

Mortality experience in 1967 on ordinary life insurance policies was 84½% of the anticipated rate. While this is an increase from 80% in the previous year, the 1966 rate was below the average for the preceding decade.

Group life mortality increased to nearly 109% of the expected rate, and there was no obvious reason for the higher rate. Almost all group life insurance plans are on a participating basis, so the increased costs can be compensated for, in part, by a reduction in dividends.

Death benefit payments totalled $30.7 million in 1967. This figure was 29% of the total payments during the year to policyowners, beneficiaries, annuitants, and people insured under health plans.

Heart disease continues to be the leading cause of death, and the number of deaths from this cause begins to climb rapidly after age 40. The second major cause of death still is cancer.

The Canadian Life Insurance Association, of which London Life is a member, is making contributions to medical fellowship funds. The purpose of the fellowships is to assist Canadian medical schools in developing and retaining both clinical teaching and research staffs.

Accidents and violence are the third-ranking cause of death. The majority of accidental deaths occurred between the ages of 10 and 39, and 61% of these deaths were the result of motor vehicle accidents.

A further breakdown of the figures showed that the highest proportion of those killed in motor vehicle accidents were between 10 and 19 years of age.

It is hoped that improved safety measures, the driver training programs for secondary school students, and the possibility of tighter legislative controls will help reduce the death toll of people in the prime of life.

1967 Mortality Experience

Causes of death	Percentage of total
Heart disease	42.6
Cancer	19.0
Accidents and violence	11.8
Diseases of respiratory system	9.2
Diseases of nervous system	7.9
Others	9.5

Dave Cunningham, a construction superintendent in Vancouver, was interviewed after a hard day's work on a major extension to British Columbia's Institute of Technology. He has three policies with London Life.

"I was 16 when I took out my first policy. Later, when I was settled in the construction business and married, I needed more protection. I wanted to build up a retirement fund, too.

"You can't be too young to have life insurance. It's a great investment. That's why I took out a Jubilee policy on my young godson. It will give him something to lean on when he's grown up and out on his own."

dividend scale increased again

Another increase in the scale of dividends on personal participating policies was announced in 1967. The higher scale is effective in 1968, and this increase is the ninth since 1951. Dividend payments on individual policies in 1967 were $29 million, and more than $32 million will be distributed in 1968.

Here is an example of how higher dividends will affect an individual policy: A $10,000 Jubilee life premiums-to-65 policy purchased in 1951 by a 40-year-old man was expected to return a dividend of $90.30 in 1968, based on the 1951 scale; since the dividend scale has been raised nine times since 1951, the dividend payment in 1968 will be $185.20, or more than double the original estimate.

An increase in the dividend scale is chiefly the result of high investment earnings, a lower-than-anticipated death rate, and keeping operational expenses within reasonable limits.

As noted in the shareholders' account on page 23, 97½% of the divisible profits from the participating branch was allotted to policyowners, and only 2½% to shareholders, as required by the Canadian and British Insurance Companies Act.

Aside from taking dividends in cash, the Company offers various options to policyowners. Dividends may be applied to premiums or a policy loan, or used to buy additional insurance, and many people leave their dividends on deposit with the Company at interest.

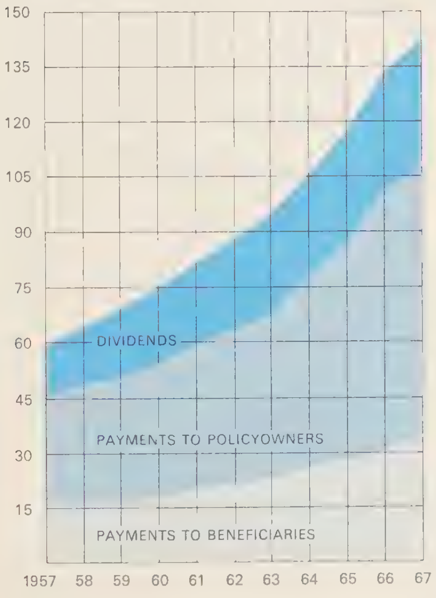
At the end of 1967, $147.4 million was on deposit and the interest rate applied to these accumulated dividends is 5¼%, compounded annually.

During 1967, the Company issued 104,135 participating policies compared to 9,290 non-participating policies. Since the majority of life insurance policies are long-term contracts, London Life recommends, in most circumstances, a participating plan because the cost of financial protection to the policyowner is ultimately lower.

A total of $51.5 million was distributed to policyowners in disability and annuity benefits, matured endowments, cash surrender values, and interest on policy or contract funds.

BENEFITS PAID TO POLICYOWNERS AND BENEFICIARIES

in millions of dollars



Harry Zuzak (in jacket) is a civil engineer and an associate of C. W. Pool Consulting Engineers in Regina. Mr. Zuzak specializes in the planning of major park areas in the Prairie Provinces. Mr. and Mrs. Zuzak have three children.

"I knew very little about life insurance until my London Life representative explained how it works. He went over all the details from A to Z.

"My London Life plan gives my family financial protection and it pays good dividends. And that's an important aspect of an insurance policy. I like to know that my money is working for me."

total assets exceed $1.3 billion

Total assets of the life and health branches increased about $94 million to $1.389 billion.

First mortgage loans on real estate now exceed $1 billion of which almost 97% is invested in residential properties. In this way the London Life has made a significant contribution to meet the demand for housing in Canada. Despite the substantial volume of these investments, collections have been extremely satisfactory. Interest arrears are even less than last year with the amount overdue more than two months being only 1/200 of one percent of the investment. No interest arrears are shown as an asset.

Bonds and debentures exceed $264 million. There is no default of interest or principal on any of these assets.

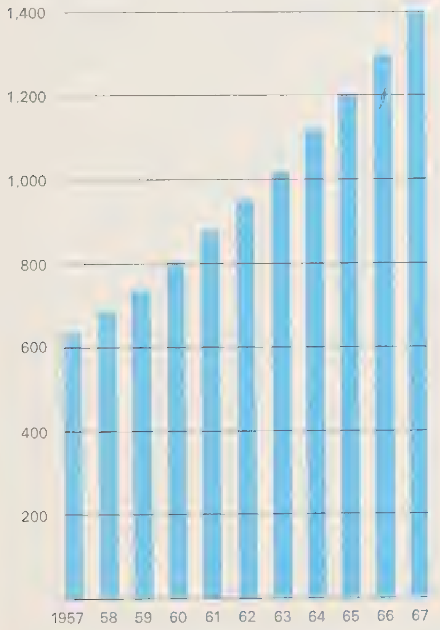
New investments in the life branch were made at an average gross yield of 7.15% reflecting the higher interest rates available on mortgages and bonds and debentures. The demand for funds by all levels of government, by corporations, and for residential and commercial construction continues to exceed the available supply. On total investments in this branch, the gross rate earned was 6.26%. Investment expenses were only modestly higher and after deducting all of these the net rate amounted to 6.01%—the highest rate earned since 1931.

Although the Company has experienced another very gratifying year from the standpoint of investments, a further $2 million has been added to investment reserves for contingencies and to provide for fluctuations in market values. These funds now amount to $25.5 million.

The investment reserves together with the unassigned surplus as well as the overall quality of the Company's assets continue to assure full protection for all policyowners and their dependents.

GROWTH IN ASSETS

in millions of dollars



Dr. Alan Hoey obtained his degree at the Ontario Veterinary College in 1961. Today, he has a bustling practice in Victoria, B.C. He and his wife, Sandra, have two children.

"I've included a family income benefit together with mortgage and personal disability protection all in one policy. That policy has become a real cornerstone of my insurance program.

"My father took out my other London Life policy before I went to college. I took over the premiums when I started working. It was a good idea and I'll probably do the same for my boy."

long-range planning

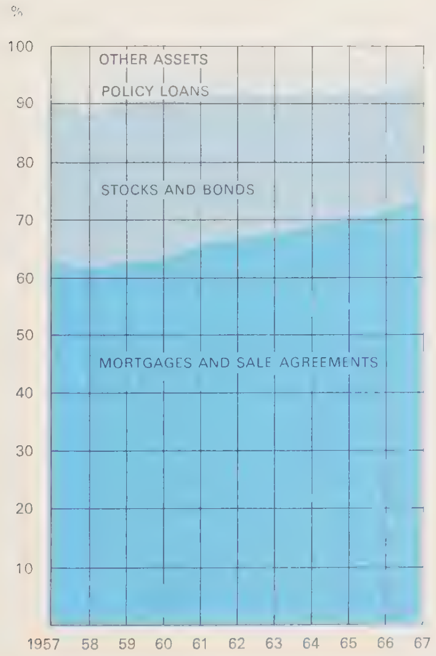
The following is an extract from a recent letter to administrative management people on long-range planning from A. W. Anderson, Executive Vice-President.

Dynamic changes are occurring in the life insurance industry. It has been said that our industry is going to experience more change of far-reaching consequence over the next 10 years than it has experienced during the past 50 years. The importance of corporate goals, objectives, and long-range plans is widely recognized today by the significant growth companies in Canada and the United States. While the London Life is in the forefront of the industry today in Canada, we should decide what tasks we should set ourselves which must be undertaken to assure our continuing growth and progress. Our chief purpose in striving for these ends is to set forth targets which are not forecasts of future probabilities, but measures of desirable performance by all parts of the Company.

All of us will recognize that our goals and plans will change from time to time because of the business environment in which we operate. There are many external forces at work: competition from mutual funds, banks and trust companies; governments; the increase in the Gross National Product and disposable personal income; growth in population and geographical distribution of people. All of these factors, and others, must be taken into account in our planning. Our marketing and our products must be examined to see that we are serving the Canadian public in the best possible way. We shall look beyond our present lines of business, to study the kind of business in which we might engage to provide the best possible financial and other services to our policyowners and the public in the years ahead.

A task force has been formed and is now working on projected plans for London Life.

TEN YEAR INVESTMENT HISTORY



Ron Ellis of the Toronto Maple Leafs says he first started to think about life insurance when he and Jan were planning their wedding in 1966.

"I knew if I waited a few years to buy life insurance, it would cost me quite a bit more. A business friend recommended a man from London Life. I liked the program he recommended. A $40,000 Jubilee whole life plan with premiums to age 65.

"I didn't think of insurance as a way to save, but this is a good deal."

balance sheet

The life and health insurance branches are combined in these financial statements.

Assets	At December 31 1967	1966
The Company has the following assets to meet its obligations to policyowners:		
Bonds and debentures *None of these securities are in default.*	**$ 264,602,924**	$ 255,687,704
Stocks	**7,814,181**	7,596,544
First mortgages and sale agreements *The major proportion of these have helped provide new housing for Canadians.*	**1,000,329,481**	925,492,054
Income-producing real estate *Properties owned and leased on a long-term basis.*	**6,275,714**	6,667,215
Real estate—head office premises *Properties are shown at cost less amortization.*	**17,076,232**	17,133,005
—foreclosures of mortgages	**27,966**	13,261
Loans on policies *These loans are fully secured by the cash value of the policies on which the respective loans are made.*	**63,475,988**	58,806,300
Cash on hand and in banks	**4,874,356**	910,124
Segregated investments for group pensions	**4,629,171**	3,452,413
Electronic data processing equipment *This equipment is valued at cost less amortization.*	**1,754,809**	2,006,854
Premiums in course of collection *Fully secured by policy reserves.*	**8,417,776**	8,001,371
Interest and dividends accrued *This sum represents accruals on investments. No credit is taken for interest overdue and unpaid.*	**8,748,826**	8,529,707
Miscellaneous assets	**877,472**	789,280
Total assets	**$1,388,904,896**	$1,295,085,832

+7.2%

At December 31

Liabilities	1967	1966
The liabilities which the Company has assumed are:		
Policy reserves *This amount with future premiums and interest earnings provides for the payment of benefits promised on all policies in force.*	$ 946,124,433	$ 888,025,075
Other obligations to policyowners *This amount is made up as follows: $147,476,839, dividends due and left by policyowners to accumulate. 29,917,598, the proceeds of policies left on deposit for policyowners and beneficiaries. 36,246,311, provision for all dividends to policyowners earned up to the policy anniversary in 1968. 19,177,191, for claims where proof is incomplete and for claims which may have occurred but which have not yet been reported. 8,693,439, advance premiums paid by policyowners.*	241,511,378	220,090,184
Segregated funds for group pensions	4,629,171	3,452,413
Staff pension and insurance funds *This item represents the reserve maintained for benefits under group insurance and pension plans for Company employees.*	63,896,440	57,658,884
Taxes, commissions, and other accounts due and accrued *This includes taxes of $1,169,524 payable in 1968 which are based on 1967 premium income.*	4,138,473	4,027,868
Investment reserve fund *In addition to the unassigned surplus, the Company's ability to meet its obligations is safeguarded by an investment reserve fund of $25,500,000.*	25,500,000	23,500,000
Miscellaneous liabilities	15,791,667	18,867,775
	$1,301,591,562	$1,215,622,199
Capital and shareholders' account *Included is $1,000,000 of paid-up capital stock.*	2,522,777	2,461,103
Unassigned surplus *This provides additional security for policyowners and their beneficiaries and includes $7,788,027 added in 1967.*	84,790,557	77,002,530
Total liabilities, capital and surplus	$1,388,904,896	$1,295,085,832

Auditors' report to the policyowners and shareholders

We have examined the balance sheet of the London Life Insurance Company at December 31, 1967, and the summary of operations and the shareholders' account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The reserves and other liabilities under policy contracts were determined and certified by the Company's Chief Actuary.

Bonds and stocks are shown in the balance sheet at values which are not in excess of amortized costs, but in the aggregate exceed the values permitted by the Canadian and British Insurance Companies Act by approximately $4,400,000, provision for which is included in the investment reserve fund of $25,500,000.

Based upon our examination and the certificate of the Chief Actuary, we report that in our opinion the accompanying balance sheet and the related summary of operations and the shareholders' account present fairly the financial position of the Company as at December 31, 1967 and of the results of its operations for the year ended on that date.

London, Canada, January 19, 1968.

Clarkson, Gordon & Co.,
Chartered Accountants.

summary of operations

For years ending December 31

Income and distribution	1967		1966	
Income				
Premiums and annuity considerations	$190,058,407	+5.3	$179,385,324	
Less dividends to policyowners	34,931,894	$155,126,513	32,080,093	$147,305,231
Earnings from investments	82,546,942	+9.4	75,311,776	
Less investment expenses	5,195,739	77,351,203	4,625,609	70,686,167
Total		$232,477,716		$217,991,398
			+6.6	
Distribution				
For policyowners and beneficiaries—				
Death benefits	$ 30,749,659		$ 27,290,057	
Disability benefits	673,695		599,379	
Annuity benefits	14,051,691		17,601,004	
Health insurance benefits	24,281,408		22,169,808	
Matured endowments, cash surrender values and interest on policy or contract funds	36,856,258		34,444,940	
Addition to policy reserves to provide for future payments	66,538,672		58,650,708	
For operating expenses—				
New insurance and field service to policyowners	26,549,488		24,486,487	
Service to policyowners at head and branch offices	19,443,304		17,903,894	
Premium tax and other taxes	3,664,851		3,426,385	
Special reserve for staff pensions	—		1,000,000	
Less release of special reserve for staff pensions	1,000,000		—	
Total		221,809,026		207,572,662
GAIN FROM OPERATIONS		$ 10,668,690	2.4	$ 10,418,736
Contributions to education and public health and welfare	$ 378,989		$ 369,383	
Earnings to shareholders after income taxes	501,674		465,484	
Addition to investment reserve fund	2,000,000		2,000,000	
Total		2,880,663		2,834,867
Increase in unassigned surplus		$ 7,788,027	2.7	$ 7,583,869

Actuary's Certificate

The total policy reserves shown in the balance sheet at December 31, 1967, are in excess of those required by the provisions of the Canadian and British Insurance Companies Act, and, in my opinion, make good and sufficient provisions for all unmatured obligations of the Company guaranteed under the terms of its policies.

Thomas E. Gill, F.S.A., F.C.I.A.
Vice-President and Chief Actuary.

January 19, 1968

Income, net earnings and balance at December 31, 1967

Income		
Shareholders' portion of:		
Profits*	$ 864,301	
Earnings from investments	153,555	
	$ 1,017,856	
Less amount transferred to investment reserve fund	4,203	
Shareholders' earnings before taxes	$ 1,013,653	
Provision for taxes on income	510,229	$ 503,424
Less miscellaneous grants for local social service and charity		1,750
Net Earnings		$ 501,674
Regular dividends paid to shareholders		440,000
Increase in shareholders' account		$ 61,674
Shareholders' account at beginning of year		1,461,103
Shareholders' account at December 31, 1967		$ 1,522,777

*The divisible profits from the participating branch of the Company's business were $34,572,032 of which 97½% was allotted to the policyowners and 2½% to the shareholders. The allocation to shareholders in 1966 was 2½%.

Five-year review of capital and shareholders' account

Five-year review of capital and shareholders' account	**1967**	1966	1965	1964	1963
Shareholders' earnings before taxes	**$1,013,653**	$ 941,512	$ 932,678	$ 899,661	$ 872,333
Provision for income taxes	**510,229**	474,528	468,666	452,601	436,531
Grants	**1,750**	1,500	4,450	1,900	2,500
Net earnings	**501,674**	465,484	459,562	445,160	433,302
Net earnings per share	**$1.00**	$ .93	$ .92	$ .89	$ .87
Dividends paid per share	**.88**	.84	.80	.74	.74
Capital stock paid up, 500,000 shares	**$1,000,000**	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Shareholders' account at end of year	**1,522,777**	1,461,103	1,415,619	1,356,057	1,280,897
Total capital and shareholders' account	**2,522,777**	2,461,103	2,415,619	2,356,057	2,280,897
Number of shareholders at end of year	**615**	631	523	448	440

The net earnings and dividends paid per share for the years 1963 through 1965 have been adjusted to reflect the five-for-one subdivision of shares during 1966.

senior executives

MANAGEMENT COMMITTEE

Robert H. Reid
President and Managing Director

A. W. Anderson
Executive Vice-President

T. E. Gill
Vice-President and Chief Actuary

H. I. Weir
Vice-President and Director of Agencies

ADMINISTRATIVE OFFICERS

Actuarial
R. E. Munro—Actuary

C. A. Naylor—Actuary

M. C. Pryce—Actuary

Agency
R. W. Peters
Superintendent of Agencies

T. E. Reid
Superintendent of Agencies

D. K. Shales
Superintendent of Agencies

G. S. Woolsey
Superintendent of Agencies

C. F. Byron
Associate Superintendent of Agencies

Branch Administration
W. C. Henderson
Branch Administration Executive

Claims
E. W. Kennedy
Claims Executive

Group
A. M. Bayly
Group Actuary

Medical
J. S. Winder, M.D.
Medical Director

D. R. Smith, M.D.
Associate Medical Director

J. B. Walker, M.D.
Associate Medical Director

Mortgage
J. A. Millman
Mortgage Executive

Personnel and Planning
O. Eadie
Personnel Executive

Publicity
J. A. Kemp
Publicity Executive

Secretary's Office
W. L. Pollard
Secretary

Securities
W. F. Parsons
Securities Executive

Staff Health
F. S. Kennedy, M.D.
Staff Health Physician

Underwriting
W. M. Bell
Underwriting Executive

M. E. Comfort
Associate Underwriting Executive

London Life is an all-Canadian organization, and has been since it was founded in London, Ontario, in 1874.

There is a network of 104 sales and service offices across Canada, staffed by more than 2,400 people. There are 2,000 employees at the Company's head office.

It is a source of pride to all members of the organization that Canadians purchase more life insurance from London Life than from any other company.

senior executives

J. S. Hinder, M.D.
Medical Director

D. R. Smith, M.D.
Associate Medical Director

J. B. Walker, M.D.
Associate Medical Director

Mortgage Executive

Personnel Executive

Securities Executive

F. S. Kennedy, M.D.
Staff Health Physician

Underwriting — W. M. Bell
Underwriting Executive

M. E. Comfort
Associate Underwriting Executive